

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Pittsfield Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: July 16, 2019

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on October 1 of each fiscal year. The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25% and reflects a revision of the mortality assumption.

Although we are approving the schedule, we would have preferred the Board adopt a schedule that completes the amortization of the unfunded actuarial liability (UAL) by FY35. In addition, the UAL is expected to increase until FY22, which is one year later than we recommend. In short, with this schedule, the System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions or plan provisions that increase the plan's liability. We are available to discuss this issue further and will work with you on this in the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb

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Enc.



**Pittsfield Retirement System**  
**January 1, 2019 Actuarial Valuation**

Total appropriation increases 5.2% per year until FY36 with a final amortization payment in FY37

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Increase in</u> <u>Total Cost</u>
2020	3,695,447	750,000	9,552,609	13,998,056	150,375,574	
2021	3,861,742	750,000	10,114,212	14,725,955	151,208,748	5.2%
2022	4,035,521	750,000	10,706,184	15,491,705	151,510,361	5.2%
2023	4,217,119	750,000	11,330,154	16,297,273	151,209,865	5.2%
2024	4,406,890	750,000	11,987,842	17,144,731	150,229,879	5.2%
2025	4,605,200	750,000	12,681,058	18,036,257	148,485,600	5.2%
2026	4,812,434	750,000	13,411,709	18,974,143	145,884,167	5.2%
2027	5,028,993	750,000	14,181,805	19,960,798	142,323,977	5.2%
2028	5,255,298	750,000	14,993,462	20,998,760	137,693,943	5.2%
2029	5,491,786	750,000	15,848,909	22,090,695	131,872,694	5.2%
2030	5,738,917	750,000	16,750,495	23,239,411	124,727,709	5.2%
2031	5,997,168	750,000	17,700,693	24,447,861	116,114,384	5.2%
2032	6,267,040	750,000	18,702,109	25,719,150	105,875,024	5.2%
2033	6,549,057	750,000	19,757,488	27,056,545	93,837,754	5.2%
2034	6,843,765	750,000	20,869,721	28,463,486	79,815,346	5.2%
2035	7,151,734	750,000	22,041,853	29,943,587	63,603,949	5.2%
2036	7,473,562	750,000	23,277,091	31,500,654	44,981,724	5.2%
2037	7,809,873	750,000	24,122,034	32,681,906	23,707,369	3.7%
2038	8,161,317	750,000		8,911,317	0	-72.7%

Figures may not add due to rounding.

Appropriation payments assumed to be made on October 1 of each fiscal year.

Normal cost includes expenses of \$620,000 and is assumed to increase 4.5% per year.

FY20 appropriation maintained from the current schedule.